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SUPERIOR COURT
SAN DIEGO COUNTY, CA

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6 Attorneys for Defendants and Cross-Complainant
SAN DIEGO ATTORNEY MICHAEL J. AGUIRRE and CITY OF SAN DIEGO

8 SUPERIOR COURT OF THE STATE OF CALIFORNIA

9 COUNTY OF SAN DIEGO

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11 SAN DIEGO CITY EMPLOYEES'
12 RETIREMENT SYSTEM, by and through its
Board of Administration,

13 Plaintiff,

14 v.

15 SAN DIEGO CITY ATTORNEY MICHAEL
16 J. AGUIRRE, THE CITY OF SAN DIEGO
and DOES 1-100,

17 Defendants.

18
19 CITY OF SAN DIEGO,

20 Cross-Complainant,

21 v.

22 SAN DIEGO CITY EMPLOYEES'
23 RETIREMENT SYSTEM, by and through its
Board of Administration; RON SAATHOFF;
24 JOHN TORRES; MARY VATTIMO;
CATHY LEXIN; TERRI WEBSTER;
25 SHARON WILKINSON; JOHN TORELL in
his capacity as City Auditor and Comptroller,
26 AND DOES 1-50, inclusive,

27 Cross-Defendants.
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CASE NO. GIC841845

[Consolidated with Cases No. GIC954286 and
GIC852100]

**DECLARATION OF MAYOR JERRY
SANDERS IN SUPPORT OF CITY'S
MEMORANDA OF POINTS AND
AUTHORITIES IN OPPOSITION TO
PLAINTIFF'S AND CROSS-DEFENDANTS'
DEMURRERS, MOTION TO STRIKE AND
MOTION TO DISMISS**

Date: June 23, 2006

Time: 9:00 a.m.

Judge: Hon. Jeffrey B. Barton

Dept: 69

Trial Date: October 6, 2006

Action Filed: January 27, 2005

Unlimited Civil Case

SD6392162

DECLARATION OF MAYOR JERRY SANDERS ISO CITY'S
OPPOSITION BRIEFS TO DEMURRERS, MOTION TO STRIKE
AND MOTION TO DISMISS

1 I, Jerry Sanders, declare:

2 1. I am the Mayor of the City of San Diego ("City"), a charter city, which now
3 operates under a "strong mayor" form of government. As such, I make this declaration of my
4 own personal knowledge, and if called upon to do so, I could and would testify as set forth
5 herein.

6 2. Since I took office on December 5, 2005, the City has been operating under the
7 enormous cloud caused by the crisis in funding of the City's pension system. Without assigning
8 blame for that crisis (which was fueled in part by an overall decline in financial markets, leading
9 to a devaluation of the City's invested assets in the pension system), I have devoted an enormous
10 amount of time and energy towards moving the City past this crisis. My objective as the highest
11 elected official in the City, and the head of City government, is to ensure the fiscal integrity of
12 the pension system and thereby restore the City's access to capital markets upon reasonable
13 financing terms, so that the City can fund a multitude of critical public works projects the City
14 desperately needs. I also want to restore the integrity of the City pension system (the San Diego
15 City Employees' Retirement System or "SDCERS") so that past, present and future City
16 employees are secure in knowing that their rightful benefits will be available when they are
17 needed. This will allow the City to continue to attract and retain talented police officers,
18 firefighters and the many other essential personnel who work so hard for the City.

19 3. A major impediment to my objectives as Mayor is the continuing uncertainty as to
20 the legality of certain benefit increases created under the 1996 and 2002 agreements commonly
21 known as Manager's Proposals I and II ("MP I" and "MP II"), and additional benefit increases
22 under the Legislative Officers Retirement Program ("LORP") and the Elected Officers
23 Retirement Program ("EORP").

24 4. The City was sued in this lawsuit by SDCERS. The City Attorney, Michael J.
25 Aguirre, has filed multiple cross-complaints seeking a determination of the legality of the
26 benefits provided under MPI, MPPII, LORP and EORP. I have a strong interest in putting this
27 pension crisis behind the City once and for all through this Court's judicial determination of the
28 City's rights and duties.

SD5392162

DECLARATION OF MAYOR JERRY SANDERS ISO CITY'S
OPPOSITION BRIEFS TO DEMURRERS, MOTION TO STRIKE
AND MOTION TO DISMISS

5. Accordingly, I make this declaration to inform the Court, as the City's highest elected official, its chief executive officer, and as the head of City government, that the City needs and desires from this Court a determination as to the legality of the benefit increases under MP I, MP II, LORP and EORP at the June 23, 2006 hearing on the City's Motion for Summary Judgment. The certainty provided by this Court's judicial determination will allow the City to move forward to ensure adequate funding to SDCERS based on the total amount of legal and valid benefits. Until that determination is made, it is enormously difficult for the City to quantify its present and future obligations and to match the City's revenue stream with its liabilities. As the leader of the City, and on behalf of the people of the City, I therefore respectfully ask this Court to entertain the City's Motion and resolve the issues raised therein.

I make this declaration under penalty of perjury under the laws of the State of California.

Executed on June 12, 2006, at San Diego, California.

Mayor Jerry Sanders